

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 SS-15 NSC-05 L-03 IGA-01

FS-01 ABF-01 DODE-00 /078 W
----- 070460

R 071040Z NOV 75

FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 5584
INFO AMEMBASSY BANGKOK

C O N F I D E N T I A L VIENTIANE 6202

E. O. 11652: GDS

TAGS: AFIN, EAID, PFOR, LA, US

SUBJECT: EMBASSY BANK ACCOUNTS

REF: A) VIENTIANE 6197

B) STATE 261403

C) VIENTIANE 6141

D) VIENTIANE 6003

E) STATE 246537

1. EMBASSY RECEIVED THE FOLLOWING LETTER, DATED NOVEMBER
6, FROM NBL GOVERNOR, OUDONE PHOLSENA, ON THAT AFTERNOON:

BEGIN TEXT:

FROM: GOVERNOR, NATIONAL BANK OF LAOS

TO: CHIEF OF FINANCE,

EMBASSY OF THE UNITED STATES OF AMERICA

SUBJECT: REQUEST TO WITHDRAW MONIES FROM ACCOUNTS

DEAR SIR:

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IN REFERENCE TO YOUR LETTER DATED 10/24/75 AND MY LETTER NO. 189/L.N.B. DATED 10/10/75, I WOULD LIKE TO FURTHER INFORM YOU THAT IN ACCORDANCE WITH THE AGREEMENT OF MARCH 30, 1975, BETWEEN THE UNITED STATES AND LAO GOVERNMENTS ALL THE PROPERTY AND FUNDS OF USAID IN LAOS MUST BE TURNED OVER TO THE LAO GOVERNMENT. THEREFORE, I REGRET THAT I AM NOT ABLE TO AUTHORIZE YOU TO WITHDRAW MONEY FROM THE ACCOUNTS YOU HAVE AT VARIOUS BANKS UNTIL THERE IS RENEWED CONSIDERATION AND AGREEMENT.

PLEASE FIRST INFORM US OF THE SOURCE OF THE 50 MILLION KIP WHICH YOU WISH TO CREDIT TO YOUR ACCOUNT AT THE BANK OF INDOCHINA. IF THIS MONEY IS FROM THE SALE OF AID LAOS PROPERTY, I WOULD LIKE YOU TO IMMEDIATELY DEPOSIT THESE FUNDS IN YOUR NATIONAL BANK ACCOUNT.

AT THE SAME TIME I WOULD LIKE TO ONCE AGAIN INFORM YOU THAT NONE OF THE CHECKS THAT YOU HAVE PRINTED IN THE NAME OF THE VARIOUS BANKS SHOULD BE USED. THIS IS EFFECTIVE THE DATE OF THE BANKS CLOSING, SEPTEMBER 8, 1975, AND THESE CHECKS WILL NOT BE HONORED NOR WILL PERMISSION BE GRANTED TO ISSUE THEM.

IN ORDER TO HAVE A GOOD AND LONG LASTING RELATIONSHIP BETWEEN OUR TWO COUNTRIES I WOULD LIKE TO REQUEST THAT YOU CONTACT US SO AS TO OPEN A NEW ACCOUNT AT THE NATIONAL BANK OF LAOS FOR THE PERMANENT AFFAIRS OF YOUR EMBASSY. THE MONEY WHICH IS DEPOSITED IN THIS NEW ACCOUNT SHOULD BE FUNDS THAT COME COMPLETELY FROM THE SALE OF FOREIGN CURRENCY TO THE NATIONAL BANK OF LAOS.

I HOPE THAT YOU UNDERSTAND THE ABOVE PROCEDURE AND WILL COOPERATE FULLY.

RESPECTFULLY,
GOVERNOR OF THE NATIONAL
BANK OF LAOS
OUDONE PHOLSENA

END TEXT.

2. IT SEEMS LIKELY, THOUGH NOT DEFINITE, THAT HIS LETTER CROSSED WITH OURS OF NOVEMBER 5 (REF C). AS
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WE HAD NEVER RECEIVED HIS LETTER OF OCTOBER 10, WE REQUESTED A COPY. FSL EMPLOYEE PICKED UP COPY MORNING NOVEMBER 7. SINCE IT WAS VIRTUALLY A VERBATIM DUPLICATE OF MFA NOTE NO. 441/AE.AP, DATED OCTOBER 17 (REF D) WE ASSUME OUDONE'S LETTER WAS SENT THROUGH MFA WHICH OPTED TO COMMUNICATE CONTENTS AS A NOTE.

3. WE ARE UNAWARE OF ANY AGREEMENT OF MARCH 30, 1975,

AND ASSUME OUDONE IS REFERRING TO MAY 27 AGREEMENT ON DISSOLUTION OF USAID.

4. THE 50 MILLION KIP CREDIT MENTIONED IN OUDONE'S MOST RECENT LETTER ALLUDES TO A REQUEST MADE IN OUR LETTER OCTOBER 24. SINCE SEPTEMBER 8, USDAO HAS ISSUED A SUBSTANTIAL NUMBER OF CHECKS WHICH SHE SUBSEQUENTLY CASHED FOR THE PAYEES (LARGELY EMPLOYEES OR FAVORED VENDORS) WHEN THEY WERE UNABLE TO NEGOTIATE THEM. (SEE PARA 2 OF REF A.) THESE MUST BE RE-DEPOSITED IN BIC ACCOUNT TO CLEAR USDO RECORDS. SINCE THESE CHECKS HAVE NOT BEEN CASHED BY BIC, BANK'S RECORDS OF OUR BALANCE WOULD SHOW AS KIP 146,140,530, RATHER THAN KIP 94,943,340, AS SHOWN IN USDO BOOKS. NO SALES OF PROPERTY, USAID OR OTHER WISE, ARE INVOLVED.

5. THE NOTICE IN OUDONE'S NOVEMBER 6 LETTER THAT ALL CHECKS WE HAVE ISSUED SINCE SEPTEMBER 8 ARE INVALID CREATES BOTH LEGAL AND ADMINISTRATIVE PROBLEMS ABOUT WHICH THE DEPARTMENT AND TREASURY WILL HAVE TO PROVIDE GUIDANCE. CHECKS IN EXCESS OF KIP 110 MILLION (NBL- 61 MILLION; BIC - 52 MILLION) ARE STILL OUTSTANDING TO PAYEES WHO HAVE NOT REQUESTED CASH PAYMENT OR TO WHOM WE HAVE NOT CHOSEN TO MAKE SUCH PAYMENTS (E.G., GOVERNMENTAL OR QUASI-GOVERNMENTAL ORGANIZATIONS SUCH AS PTT, ELECTRICITE' DU LAOS, ETC.). EVENTUALLY, THESE CHECKS OR NEW INVOICES WILL BE PRESENTED FOR PAYMENT. WE OBVIOUSLY CANNOT PAY THEM WITHOUT OPENING A NEW NBL ACCOUNT, PRESUMABLY WITH NEW MONEY.

6. EMBASSY, OF COURSE, IS STILL RELUCTANT TO OPEN A NEW ACCOUNT WITH NEW MONEY. SINCE WE BELIEVE WE CAN DRAG OUR FEET ON THIS QUESTION FOR SOME WHILE YET, THE
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BEST COURSE OF ACTION WOULD SEEM TO BE TO CONTINUE TO SEEK MEANINGFUL DISCUSSION OF THE BANK PROBLEM WITH OUDONE AND/OR THE MFA, FOLLOWING THE LINES OF REF E.

7. REQUEST INSTRUCTIONS.
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Message Attributes

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